

## EXHIBIT 2

# Asylum

- We have a copy of a security agreement, but no loan agreement. There is a e-mail noting there was never a loan agreement executed.

Debt  
Interest

\$ 5,050,000  
1,343,160

Estimate

Loan fees

240,000

wrote-off in 2006

**Michael Martin**

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**From:** Daniel Hayes [dhayes@hfaholdings.com]  
**Sent:** Tuesday, June 12, 2007 3:55 PM  
**To:** Joyce Timberlake; Michael Martin  
**Cc:** Daniel Hayes  
**Subject:** RE: Asylum Q's

Dear Michael and Joyce:

Please let me know what you are trying to decide in asking about the bankruptcy.

Where HFAH Asylum LLC stands is it used the USA Capital funds to purchase the first and third mortgages to perfect its lien rights in the foreclosure or as a secured creditor in the bankruptcy. The foreclosure was stopped by the "automatic stay" of bankruptcy, preventing the creditor (HFAH Asylum LLC) from increasing its claim on the assets while the bankruptcy is proceeding.

In October 2005 the court approved a Debtor (= Windham Mills Development Corporation) plan of reorganization with HFAH Asylum LLC as the plan sponsor, agreeing to kick its mortgages in and raise additional development funds in exchange for title to the site and obligation to pay some special payments (back taxes to Town; DECD \$ 135 K). The sponsor failed to obtain the development funds and now the other creditors are filing formal objections to revoke the plan of reorganization and convert the bankruptcy to a liquidation.

At this point either from liquidation or from the motion by HFAH Asylum to lift the stay and continue the foreclosure, in all likelihood the title will come free and clear to the holder of the first mortgage. Since we have not repaid the monies used to acquire that mortgage there is a good chance that the beneficiary of that would be the representatives of the providers of monies through USA Capital. There is a dispute among them as to who speaks for that crowd, but we know that someone will successfully demand either the property or our refund of the monies, already spent.

We have a tremendous and uncertain exposure inasmuch as no loan was ever negotiated or documented although funds were conveyed in 2004. There is a possibility that the money folk would seek to recover a shortfall, as argued, after getting the property, unless we can negotiate a sale to a better buyer.

Very truly yours,

Daniel G. Hayes  
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Homes For America Holdings, Inc.  
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Homes For America Holdings, Inc.

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**From:** Joyce Timberlake  
**Sent:** Tuesday, June 12, 2007 1:50 PM  
**To:** Michael Martin  
**Cc:** Daniel Hayes  
**Subject:** RE: Asylum Q's

6/12/2007

HFAH 001750

Description	Face Amount	Int. Rate	1/1/2006 Beginning Balance	Additions	Payments	12/31/2008 Ending Balance		1/1/2008 Accrued Interest	Cap Int.	Interest Paid	12/31/2008 Accrued Interest
USA Commercial											
Due to USA for Loan fees	5,050,000.00	12.50%	5,050,000.00	0.00	0.00	5,050,000.00 ATB		711,910.00	631,250.00	0.00	1,343,160.00 ATB
			240,000.00		240,000.00	0.00 ATB					
Totals			5,290,000.00	0.00	240,000.00	5,050,000.00		711,910.00	631,250.00	0.00	1,343,160.00